

# The Gazette of India

EXTRAORDINARY  
PART II—Section 2  
PUBLISHED BY AUTHORITY

---

No. 17] NEW DELHI, TUESDAY, APRIL 12, 1955

---

## LOK SABHA

The following Bills were introduced in the Lok Sabha on 12th April, 1955:—

BILL \*No. 17 OF 1955

*A Bill further to amend the Industrial Finance Corporation Act 1948, and the State Financial Corporations Act, 1951.*

BE it enacted by Parliament in the Sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Industrial and State Financial Corporations (Amendment) Act, 1955. Short title  
and comm-  
encement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In sub-section (2) of section 1 of the Industrial Finance Corporation Act, 1948 (hereinafter referred to as the principal Act), the words "except the State of Jammu and Kashmir" shall be omitted. Amendment  
of section 1,  
Act XV of  
1948.

3. In clause (c) of section 2 of the principal Act, for the words "and engaged" the words "which is engaged or is to be engaged" shall be, and shall be deemed always to have been, substituted. Amendment  
of section 2,  
Act XV of  
1948.

4. In sub-section (2) of section 3 of the principal Act, for the words "acquire and hold", the words "acquire, hold and dispose of" shall be substituted. Amendment  
of section 3,  
Act XV of  
1948.

5. In sub-section (1) of section 6 of the principal Act, the words "with the assistance of an Executive Committee and a Managing Director" shall be omitted. Amendment  
of section 6,  
Act XV of  
1948.

---

\*The President has, in pursuance of clause (1) of article 177 of the Constitution of India, recommended to Lok Sabha the introduction of the Bill.

Omission of  
sections 7, 8  
and 9 in Act  
XV of 1948.

6. Section 7, section 8 and section 9 of the principal Act shall be omitted.

Amendment  
of section 10-  
Act XV of  
1948.

7. In section 10 of the principal Act,—

(a) in sub-section (1),—

(i) for clause (a), the following clauses shall be substituted, namely:—

“(a) A Chairman to be appointed by the Central Government after consultation with the Board;

(aa) four Directors nominated by the Central Government”;

(ii) clauses (f) and (g) shall be omitted;

(iii) the provisos shall be omitted;

(b) sub-section (2) shall be omitted.

Insertion of  
new section  
10A in Act  
XV of 1948.  
Chairman  
of the Board.

8. After section 10 of the principal Act, the following section shall be inserted, namely:—

“10A. (1) The Chairman of the Board shall receive such salary and allowances as may be determined by the Board with the approval of the Central Government.

(2) The Chairman shall hold office for three years or until his successor is appointed and shall be eligible for reappointment.

(3) The Chairman shall exercise such powers and discharge such duties as are assigned to him by this Act or as may be delegated to him by the Board.

(4) If the Chairman is of opinion that circumstances exist which render it necessary for him to take immediate action in respect of any matter which is within the competence of the Board or of the Central Committee and that the interests of the Corporation may be prejudicially affected if such action is deferred until after the next meeting of the Board or of the Central Committee, as the case may be, then, notwithstanding anything contained in sub-section (3), the Chairman may take such action in respect of that matter as he deems necessary and for such purpose, he may exercise all powers and do all acts and things which may be exercised or done by the Board or the Central Committee, but in every such case, he shall, as soon as may be, after the action is taken, make a written report to the Board or the Central Committee containing a statement of the action taken and the circumstances under which it was taken.”

9. For sub-section (4) of section 11 of the principal Act, the following sub-section shall be substituted, namely:—

Amendment  
of section 11,  
Act XV of  
1948.

“(4) Directors shall be paid such fees for attending the meetings of the Board and if they are members thereof, of the Central Committee, as may be prescribed:

Provided that nothing in this sub-section shall apply to the Chairman or to any other Director who is a servant of the Government.”

10. In clause (a) of section 12 of the principal Act, for the words “the Managing Director or the Deputy Managing Director”, the words “the Chairman” shall be substituted.

Amendment  
of section 12,  
Act XV of  
1948.

11. For sub-section (1) of section 13 of the principal Act, the following sub-section shall be substituted, namely:—

Amendment  
of section 13,  
Act XV of  
1948.

“(1) The Central Government may at any time remove the Chairman from office.”

12. For section 13A of the principal Act, the following section shall be substituted, namely:—

Substitution  
of new sec-  
tion for sec-  
tion 13A in  
Act XV of  
1948.

“13A. If the Chairman of the Board is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may, after consultation with the Board, appoint another person to act in his place during his absence.”

Casual  
vacancy of  
Chairman.

13. For section 14, section 15 and section 16 of the principal Act, the following sections shall be substituted, namely:—

Substitu-  
tion of new  
sections for  
sections 14,  
15 and 16 in  
Act XV of  
1948.

“14. (1) There shall be established a Central Committee which shall consist of,—

Central  
Committee.

(a) a Chairman,

(b) two Directors elected by the nominated Directors,  
and

(c) two Directors elected by the elected Directors.

(2) The Chairman of the Board shall be the Chairman of the Central Committee.

(3) A Director elected to be a member of the Central Committee shall hold office as such for the rest of his term of office as Director for which he is so elected.

(4) Subject to such general and special directions as the Board may from time to time give, the Central Committee shall

be competent to deal with any matter within the competence of the Board.

(5) The minutes of every meeting of the Central Committee shall be laid before the Board at its next following meeting.

**Advisory.  
Committees.**

15. The Corporation may from time to time appoint one or more Advisory Committee or Committees for the purpose of assisting the Corporation in the efficient performance of its functions and in particular, for the purpose of securing that those functions are exercised with due regard to the circumstances of, conditions prevailing in, and requirements of, particular areas or industries.

**Appointment  
of officers,  
advisers, etc.**

16. The Corporation may appoint a General Manager and such other officers, employees and advisers as it considers necessary for the efficient performance of its functions under this Act."

**Amendment  
of section 17,  
Act XV of  
1948.**

14. In section 17 of the principal Act,—

(a) in sub-section (1),—

(i) for the words "Executive Committee" the words "Central Committee" shall be substituted;

(ii) in the proviso, for the words "the Managing Director", the words "the Chairman" shall be substituted;

(b) in clause (b) of sub-section (2), for the words "Executive Committee", the words "Central Committee" shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) At a meeting of the Board or of the Central Committee, each Director or member of the Committee, as the case may be, shall have one vote, and in the event of an equality of votes, the Chairman or, in his absence, any other person presiding shall have a second or casting vote.";

(d) for sub-section (5), the following sub-section shall be substituted, namely:—

"(5) If for any reason the Chairman is unable to be present at a meeting of the Board or of the Central Committee, a Director or member of the Committee, as the case may be, authorised by the Chairman in writing in this behalf shall preside at that meeting and in default of such authorisation, the Board or the Central Committee may elect a Director or member of the Committee, as the case may be, to preside at that meeting".

15. In section 21 of the principal Act, for sub-section (3), the following sub-sections shall be substituted, namely:—

Amendment  
of section 21,  
Act XV of  
1948.

“(3) The Corporation may, for the purpose of carrying out its functions under this Act, borrow money from the Reserve Bank,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date on which the money is so borrowed, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date on which the money is so borrowed, against securities of the Central Government of any maturity or against bonds and debentures issued by the Corporation under sub-section (1) and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date on which the money is so borrowed:

Provided that the amount borrowed by the Corporation under clause (b) shall not at any time exceed three crores of rupees in the aggregate.

(4) The Corporation may also, for the purpose of carrying out its functions under this Act, borrow money from the Central Government on such terms and conditions as may be agreed upon:

Provided that the total amount borrowed by the Corporation from the Central Government under this sub-section and from the Reserve Bank under clause (b) of sub-section (3) together with the amount of bonds and debentures issued under sub-section (1) and outstanding shall not at any time in the aggregate exceed five times the amount of the paid-up share capital and the reserve fund of the Corporation”.

16. In clause (d) of sub-section (1) of section 23 of the principal Act, for the words “and in any case within a period of seven years from the date of such acquisition”, the words “but in no case, the stocks, shares, bonds or debentures so acquired shall be retained beyond a period of seven years from the date of such acquisition, except with the permission of the Central Government” shall be substituted.

Amendment  
of section 23,  
Act XV of  
1948.

17. In sub-section (2) of section 25 of the principal Act, for the words “a Director”, the words “one or more Directors” shall be substituted.

Amendment  
of section 25,  
Act XV of  
1948.

Amendment  
of section 26,  
Act XV of  
1948.

18. In section 26 of the principal Act, in the proviso, for the words "any shares", the words "any stock, shares" shall be substituted.

Amendment  
of section 28,  
Act XV of  
1948.

19. In section 28 of the principal Act,—

(a) in sub-section (1), for the words "right to sell", the words "right to transfer by way of lease or sale" shall be substituted;

(b) in sub-section (2),—

(i) the words "of sale and realisation" shall be omitted;

(ii) for the words "as if the sale", the words "as if the transfer" shall be substituted;

(c) in sub-section (3A),—

(i) for the words "sold or realised", the words "transferred and realised" shall be substituted;

(ii) for the words "sale or realisation" occurring in both places, the words "or transfer and realisation" shall be substituted.

Amendment  
of section 30,  
Act XV of  
1948.

20. In section 30 of the principal Act,—

(a) in sub-section (1), after the words "without prejudice to the provisions", the words and figures "of section 28 of this Act and" shall be inserted;

(b) after sub-section (10), the following sub-section shall be inserted, namely:—

"(10A) An order under this section transferring the management of an industrial concern to the Corporation shall be carried into effect, as far as may be practicable, in the manner provided in the Code of Civil Procedure, 1908 V of 1908. for the possession of immovable property or the delivery of movable property in execution of a decree, as if the Corporation were the decree-holder."

Insertion of  
new section  
40A in Act  
XV of 1948.  
Delegation of  
powers.

21. After section 40 of the principal Act, the following section shall be inserted, namely:—

"40A. The Board may, by general or special order, delegate to the Chairman or any officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and duties under this Act as it may deem necessary."

Amendment  
of section 43,  
Act XV of  
1948.

22. In sub-section (2) of section 43 of the principal Act,—

(a) in clause (e), for the words "Executive Committee", the words "Central Committee" shall be substituted;

(b) after clause (e), the following clause shall be inserted, namely:—

“(ee) the delegation of powers and functions of the Board to the Chairman or to officers of the Corporation”;

(c) for clause (k), the following clause shall be substituted, namely:—

“(k) the duties and conduct, salaries, allowances and conditions of service of officers and other employees and of advisers and agents of the Corporation”;

(d) in clause (n), after the words “this Act”, the words “fees for attending meetings thereof and the conduct of business thereat” shall be inserted.

23. In clause (c) of section 2 of the State Financial Corporations Act, 1951, after the word “engaged” the words “or to be engaged” shall be, and shall be deemed always to have been, inserted.

Am  
of section 2,  
Act LXIII  
of 1951.

#### STATEMENT OF OBJECTS AND REASONS

Following the recommendations of the Industrial Finance Corporation Inquiry Committee, 1953, organizational arrangements in the Corporation were reviewed by Government. Among other things, it is proposed to provide for a “Central Committee” instead of an “Executive Committee” and for the appointment of a stipendiary Chairman to be assisted by a General Manager in place of the honorary Chairman and a paid whole-time Managing Director. Certain other amendments have also been suggested by the further experience gained in the working of the Corporation and the present opportunity is being availed of to carry them out. The Bill seeks to amend the Industrial Finance Corporation Act, 1948 to achieve these objects.

The Bill also includes a provision for widening the definition of ‘industrial concern’ in section 2(c) of the State Financial Corporations Act, 1951 in the same way as the definition is proposed to be widened under the Industrial Finance Corporation Act, 1948.

The Notes on Clauses appended to the Bill explain the provisions thereof.

A. C. GUHA.

NEW DELHI;

The 30th March, 1955.

---

*Notes on clauses*

*Clause 2.*—This clause seeks to extend the Act to the State of Jammu and Kashmir.

*Clause 3.*—Doubts have arisen as to whether concerns which are not actually engaged in the manufacture or processing of goods are eligible for loans. This clause seeks to clarify the intention that concerns which have been formed with the object of engaging in the manufacture or processing of goods are also eligible for loans.

*Clause 4.*—This clause seeks to make it clear that the Corporation should have the power not only to acquire and hold property but also to dispose it of.

*Clause 5.*—This clause seeks to vest in the Board of Directors the sole responsibility in regard to the general superintendence and direction of the affairs and business of the Corporation.

*Clause 6.*—The omission of sections 7, 8 and 9 is consequential on the abolition of the post of the Managing Director and the replacement of the Executive Committee by the Central Committee.

*Clause 7.*—Section 10 has been amended to provide for the appointment of the Chairman by Government after consultation with the Board and the abolition of the posts of the Managing Director and Deputy Managing Director are consequential changes.

*Clause 8.*—This clause deals with the terms and conditions of service of the Chairman and the functions to be performed by him.

*Clauses 9 and 10.*—The changes made are merely consequential.

*Clauses 11 and 12.*—The powers for removal from office and for filling up casual vacancy at present exercisable by Government in respect of the Managing Director are provided by these clauses in respect of the Chairman.

*Clause 13.*—The proposed section 14 sets out the composition and functions of the Central Committee which will replace the existing Executive Committee.

The proposed section 15 corresponds to original section 8.

The proposed section 16 will enable the Corporation to appoint a General Manager along with other officers and advisers.

*Clause 14.*—The changes made are merely consequential.

*Clause 15.*—The proposed sub-section (3) of section 21 is merely a drafting change to make the intention clear and to bring it in



conformity with section 17(4B)(b) of the Reserve Bank of India Act, 1934.

The proposed sub-section (4) of section 21 empowers the Corporation to borrow money from the Central Government.

*Clause 16.*—It is considered that the limitation in section 23(1)(d) that the stocks, shares, debentures or bonds taken up by the Corporation in fulfilment of its underwriting liabilities should not be held for more than seven years might be an obstacle to the Corporation taking up this business. It is therefore proposed to empower the Central Government to remove this limitation.

*Clause 17.*—This clause seeks to make it clear that the Corporation has the right to appoint more than one Director on the Board of Directors of the industrial concern to which it has given a loan.

*Clause 18.*—This is merely a drafting change.

*Clause 19.*—This clause seeks to make it clear that for the purpose of realising its dues, the Corporation can not only sell but also lease the property pledged or mortgaged to it.

*Clause 20.*—When an industrial concern makes a default in the payment of its dues to the Corporation, the Corporation has been given certain rights under section 28 to realise its dues. The rights under section 28 are intended to be enforceable otherwise than in terms of the procedure laid down in section 30. It has, therefore, been provided that the procedure laid down in section 30 shall be without prejudice to the provisions of section 28.

Again, section 30 of the Act does not provide for any procedure for the execution of the order passed by the court for transferring the management of an industrial concern. The proposed sub-section (10A) of section 30 seeks to remove this lacuna.

*Clause 21.*—This clause empowers the Board to delegate its powers to the Chairman or other officers of the Corporation.

*Clause 22.*—Regulations governing pay, allowances and conditions of service of officers of the Corporation are not at present framed under the Act. Section 43 is being amended to provide for such staff regulations being framed under the Act.

The other provisions made in this clause are self-explanatory.

*Clause 23.*—The definition of 'industrial concern' in section 2(c) of the State Financial Corporations Act, 1951 is being widened in the same way as the definition is proposed to be widened under the Industrial Finance Corporation Act, 1948.

## BILL No. 18 of 1955

*A Bill to amend certain enactments for the purpose of changing the designation of the Commanders-in-Chief of the Armed Forces.*

BE it enacted by Parliament in the Sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Commanders-in-Chief (Change in Designation) Act, 1955. Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. The enactments specified in the Schedule are hereby amended to the extent and in the manner specified in the fourth column thereof. Amendment of certain enactments.

3. Any reference, by whatever form of words, to the Commander-in-Chief of the regular Army, the Commander-in-Chief of the Indian Navy, and the Commander-in-Chief of the Air Force, in any law for the time being in force, or in any instrument or other document, shall be construed as a reference to the Chief of the Army Staff, the Chief of the Naval Staff, and the Chief of the Air Staff respectively. Construction of references to Commanders-in-Chief in enactments or instruments.

— — — — —

THE SCHEDULE

( See section 2 )

year	No.	Short title	Amendments
1	2	3	4
1881	XIII	The Fort William Act, 1881.	In section 3, for the words 'The Commander-in-Chief, Indian Army', the words 'The Chief of the Army Staff' shall be substituted.
1934	XXXIV	The Indian Navy (Discipline) Act, 1934.	Throughout the Act, for the words 'the Commander-in-Chief, Indian Navy' wherever they occur, the words 'the Chief of the Naval Staff' shall be substituted.
1948	XXXI	The National Cadet Corps Act, 1948.	In sub-section (1) of section 12, for clauses (e), (f) and (g), the following clauses shall be substituted, namely:— “(e) the Chief of the Army Staff, <i>ex-officio</i> ; (f) the Chief of the Naval Staff, <i>ex-officio</i> ; (g) the Chief of the Air Staff, <i>ex-officio</i> .”

1	2	3	4
1950 XLV	The Air Force Act, 1950	(1) In section 4, for clause (xiv), the following clause shall be substituted, namely :—  “(xiv) ‘Chief of the Air Staff’ means the officer commanding the Air Force ;”.	
		(2) Throughout the Act, unless otherwise expressly provided, for the words ‘the Commander-in-Chief’, wherever they occur, the words ‘the Chief of the Air Staff’ shall be substituted.	
1950 XLVI	The Army Act, 1950	(1) In section 3, for clause (iv), the following clause shall be substituted namely :—  “(iv) ‘Chief of the Army Staff’ means the officer commanding the regular Army ;”.	
		(2) Throughout the Act, unless otherwise expressly provided, for the words ‘the Commander-in-Chief’, wherever they occur, the words ‘the Chief of the Army Staff’ shall be substituted.	
1943 XXX	The Indian Military Nursing Service Ordinance, 1943.	In sections 7 and 11, for the words ‘Commander-in-Chief, Indian Army’, the words ‘Chief of the Army Staff’ shall be substituted.	

## STATEMENT OF OBJECTS AND REASONS

Under clause (2) of article 53 of the Constitution of India, the supreme command of the Defence Forces of the Union vests in the President. In keeping with this provision of the Constitution, it has been decided that the practice of referring to the Service Chiefs of the Army, Navy and Air Force as Commanders-in-Chief should be discontinued and that they should be designated as the Chief of the Army Staff, the Chief of the Naval Staff and the Chief of the Air Staff respectively.

The Bill accordingly seeks to give effect to the above decision, firstly, by suitably amending certain enactments which contain

references to the Commanders-in-Chief and, secondly, by providing for a rule of construction respecting references to Commanders-in-Chief occurring in rules, orders, agreements and other instruments.

K. N. KATJU.

NEW DELHI;

*The 9th April, 1955.*

---

M. N. KAUL,

*Secretary.*